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In other directions, also, he sees a more limited field for participation than is claimed for it by Dr. Böhmert, M. Chas. Robert, and Mr. Sedley Taylor. He sums up :

The only sphere in which profit-sharing, as a wages-system, deserves preference over all others, has been shown to be in those cases in which the conduct of the profit-sharing workmen is of extreme significance, less for the success of this or that undertaking, than for the whole business in all its aspects ; and in other directions where the workmen either have the intelligence (as with the higher employees in a business), or from the nature of the occupation (as in the deep-sea fisheries) easily learn, to know that their conduct stands in close connection with the increase of their returns through the success of the undertaking ; in the cases, then, in which one might almost say, it has always been applied.

Dr. Frommer's "sifting" seems to me to have been done with good judgment ; but I am unable to see how he can logically draw so meagre a conclusion as that just quoted from the winnowed facts which he has set forth. In every special instance he very fairly sets forth the advantages to which profit-sharing has appeared to give rise, but in his general summing-up they have, somewhat curiously, evaporated. It is a damaging comment on the preference of payment by the piece that several signal triumphs of the profit-sharing principle have been scored in industries where piece-work is the rule, *e.g.* in printing establishments. Dr. Frommer lays little or no emphasis on the feeling of partnership which profit-sharing induces more than any of the substitutes which he prefers to it. This feeling will inevitably tend to bring about more of the good results reached by several of these substitutes than any one or two of them could produce.

The chief value of this work lies in its circumstantial account of the Briggs case, its careful sifting of instances of participation, and its excellent statement of each of the sifted cases. The "theoretical justification of profit-sharing" which forms the third part is an extreme instance of the mountain laboring.

NICHOLAS P. GILMAN.

Wealth and Progress: A Critical Examination of the Labor Problem. The natural basis for industrial reform or how to increase wages without reducing profits or lowering rents: the economic philosophy of the eight-hour movement. By GEORGE GUNTON. New York, D. Appleton & Co., 1887. — 12mo, xxiii, 382 pp.

The number of books on the labor question has multiplied rapidly during the past decade, but with few exceptions little of permanent value has been added to our stock of knowledge. By far the great

majority of treatises either have abandoned the wage-fund theory, without substituting any consistent body of doctrine, or have been the media of pretentious panaceas and one-sided reforms. Mr. Gunton's work is deserving of all the greater attention on this account, for it may be declared, without hesitation, to be the most notable contribution to the subject since Walker's *Wages Question* — all the more remarkable from the fact that until within a few years its author was a factory operative. As the title indicates, the book is intended as an antidote to Henry George, but it is a work of a far different order. Mr. Gunton is thoroughly acquainted with the literature of the subject — at least with the English literature and so much of the continental as has been translated into English; his method is truly historical and inductive; his style is free from sentimentalism; his conclusions are conservative and without crotchets.

Mr. Gunton maintains that the labor problem is not merely a question of distribution; it is rather a question of production. The existing stock of wealth is so small that a more equal or even a perfectly equal distribution among the huge mass of producers would improve their lot very little. The first condition of any material improvement is an increase of production, the second condition is a rise of real wages. The two questions he sets out to answer are these: How can the use of improved methods of production be increased, and how can the general rate of wages be permanently advanced? If this can be done, then poverty can be diminished without decreasing the income of the profit and rent receiving class.

In Part I the law of increasing production is discussed. The socialistic fallacy that labor produces and measures all wealth is exposed. As Mr. Gunton says: "Wealth is produced by the combined efforts of labor and capital, and as the proportion of the total wealth produced by human labor diminishes, the actual amount the laborer receives increases." The real cause of improved machinery is the increased consumption by the masses, or in other words higher wages. This is Mr. Gunton's main position: that the extent of the market is chiefly determined by the consumption of the laboring classes, and that it is only as real wages rise and labor becomes dear that it is worth saving, and the use of cheaper methods (machinery) becomes an economic necessity. The secret of cheaper production is thus seen to be higher wages.

This brings the author to the law of wages, which is discussed in Part II. The wage-fund theory and its attempted rehabilitation by Cairnes are easily disposed of. General Walker's theory of wages is severely and, as it seems, successfully attacked; for his theory that production is the measure of wages depends on the assumption that rent and profits are

taken out of the product *before* wages are paid, while according to his own showing rent and profits consist of what remains *after* wages are paid. Mr. Gunton, on the contrary, maintains that, instead of wages or consumption being governed by production, production is everywhere determined by consumption or wages. A chapter is also devoted to Henry George's theory, which it is naturally not difficult to overturn.

We come then to the positive side of the argument. Mr. Gunton's doctrine of wages may be summed up as follows: that the chief determining influence in the general rate of wages in any country, class or industry is the standard of living of the most expensive families furnishing a necessary part of the supply of labor in that country, class or industry (page 89). In other words, the price of labor is governed by its cost of production, the cost of producing labor is fixed by the standard of living of the family, and the standard of life is determined by the habitual wants of the people. The economic law of wages is the standard of living. The truth of this law is tested inductively. A series of chapters is devoted to the history of wages, especially in England; and the rise of wages in the fourteenth and again in the nineteenth century is shown to conform to this explanation. These chapters are admirably worked out. The wages of agricultural laborers have risen very little in comparison with the wages of factory hands, because the social influences which raise the standard of living among the latter have not operated on the former. Wages are higher in large cities than in small towns. The income of the family is not increased by the wages of the wife and children, for men's wages fall as the earnings of wife and children increase. Dr. Engel's law of expenditure is analyzed, and is shown to conform to the theory. Thus from every side facts and illustrations are used to test the adequacy of the law. This being granted, the problem of increasing the wants, developing the character and advancing the wages of the laborer resolves itself into the question: How can the social opportunities of the masses be enlarged?

Part III therefore treats of the principles and methods of social reform. Rent, profit, tax and money reforms, including the socialistic remedies, are shown to be of no avail. The only possible remedy is the comprehensive measure of increasing production and at the same time developing the laborer's character and raising his standard of living. This in civilized countries can be accomplished only by reducing the hours of labor. Of course too great a reduction would diminish rather than increase production, would promote dissipation rather than develop character, and might thus degrade rather than improve the position of the masses. Mr. Gunton, after a careful statistical and comparative survey, concludes that an eight-hour law would be economically safe. The effect of such a law upon rents and profits is clearly set forth, and

a series of chapters is then devoted to a succinct account of the feasibility of short-hour legislation and of its history in England and America. The position of the English laborer is shown to have advanced far more than that of the continental, and relatively more than that of the American laborer. The book closes with an earnest assertion of the social and political necessity of such a reform ; but the author is careful not to set it forth as an absolute cure-all.

Mr. Gunton's main point — that wages depend on the standard of life — has already been frequently advanced by other authors, beginning with Adam Smith and Ricardo. But no one has hitherto made it the central point of the doctrine ; no one has hitherto erected it into the fundamental law of wages ; no one has hitherto added the important corollary that production depends on consumption and that distribution is a necessary part of the process of production. In this consists the importance of Mr. Gunton's contribution to the science of economics. Whether it commands the assent of economists or not, it must at once challenge attention for its consistency and its breadth, for its wide foundation and carefully guarded distinctions, for the thoroughness with which the alleged law is tested statistically as well as historically, for the conservative conclusions and cheering prospects held forth for the future of the laboring class. In the face of such qualities, criticism of minor points, such as the author's implicit reliance on Mulhall's statistics, would be invidious.

Wealth and Progress is intended chiefly for popular reading, although as has been indicated it is highly important for economists. In another work, which is as yet in manuscript but which I have been privileged to see in parts, a more strictly scientific discussion of the laws of political economy will be given, including the inter-relation of the laws of wages, profits and rent. In the discussion of these questions, the author reaches conclusions which differ in many respects from the currently accepted doctrines. It will be wise therefore to reserve a general criticism of Mr. Gunton's theories until the appearance of this supplementary work. But no one who desires to study the problem can afford to overlook the remarkable treatise which has just appeared.

EDWIN R. A. SELIGMAN.

The Silver Pound, and England's Monetary Policy since the Restoration : together with the History of the Guinea. Illustrated by Contemporary Documents. By S. DANA HORTON. London, Macmillan & Co., 1887.

It is easy to outline the general drift of Mr. Horton's book, and it is not less easy to decide upon its general merits, in spite of its bad arrange-